

July 16, 2017

TEACHER PENSION REFORM IS NOW LAW

The contentious teacher pension reform bill (SB 401) that gives school instructors a more enticing 401(k) option, but makes the pension option less attractive, has been signed into law by Governor Rick Snyder.

The reform plan will close the current “hybrid” plan in the Michigan Public Schools Employee Retirement System (MPERS) to new enrollees as of February 18, 2018. It creates a new 401k-style defined contribution plan with an automatic employer contribution of four percent of the employee’s salary and an additional voluntary matching contribution of three percent from the state School Aid Fund.

Republicans who control the Legislature hailed the law as a “historic” attempt to address debt that accounts for a third of payroll costs for K-12 districts.

“A travesty” is how the Michigan Education Association (MEA) described the new law.

The measure is now Public Act 92 of 2017.

SNYDER SIGNS BUDGET BILLS BUT NOT BEFORE USING THE VETO PEN

Governor Rick Snyder vetoed \$6.37 million in line items before signing the \$56.5 billion spending plan for Fiscal Year 2018 that begins October 1 of this year.

Fifteen line items totaling just under \$5 million were cut from the general omnibus appropriations bill (HB 4323), and another four line items worth \$1.37 million were trimmed from the education omnibus bill (HB 4313).

Given the attention lawmakers have been giving an epidemic of opioid addiction in the state, it came as a surprise that Governor Snyder vetoed an \$850,000.00 “Genomic Opioid Abuse Demonstration Program” that would predict opioid response and abuse.

According to the Michigan Department of Health and Human Services (DHHS), the allocation could have jeopardized other federal money.

‘GOOD JOBS’ TAX PACKAGE CLEARS BOTH CHAMBERS

After an earlier kerfuffle three weeks ago between House Republicans and the Governor Snyder administration, the House comfortably passed the three tax incentive bills (SBs 242, 243 and 244) last week.

The Senate quickly concurred with House amendments sending the bills to the Governor.

The bills would allow a company seeking to relocate in Michigan to collect 100 percent of the state income tax withholdings for new employees for ten years if the company creates at least

3,000 jobs at an average salary level for the local prosperity region. The company could collect half the taxes if 500 jobs are created, and for companies that create 250 new jobs at 125 percent of the region's average salary level, the break would be 100 percent of income withholdings.

STATE SUES FLINT

The Department of Environmental Quality (DEQ) has filed suit against the City of Flint asking a federal judge in Detroit to force the city to agree to remain with the Great Lakes Water Authority (GLWA), the formal name of Detroit's water system, because the Flint City Council is refusing to do it.

The U.S. Environmental Protection Agency (EPA) had given the city until June 26th to approve an agreement negotiated by Flint- Mayor Karen Weaver, to remain with GLWA long-term, but the council has not approved the agreement.

The DEQ suit claims "the City Council's refusal to enter into the agreement will place the public health in significant jeopardy," violating both Michigan and federal Safe Drinking Water Acts.

JUDGE BLOCKS STATE MONEY TO PRIVATE SCHOOLS...FOR NOW

Judge Cynthia Stephens has issued an oral injunction preventing the state from disbursing \$2.5 million in appropriations to private schools – at least until the end of the month.

She also wants the parties in the suits against the state to file additional briefs and wants the argument to incorporate the recent U.S. Supreme Court decision, *Trinity Lutheran Church v. Corner*, which found that churches have the same right as any other charitable organization to pursue state money for non-religious purposes.

Stephens is expected to rule whether to have the preliminary injunction stand on August 1.

SNYDER SIGNS FEMALE GENITAL MUTILATION BILLS

A 12-bill package of legislation (SBs 338 and 367 thru 369 and HBs 4636, 4637 and 4638) aimed at penalizing doctors who perform unnecessary procedures on female genitals and provide victims with recourse in the form of civil litigation, has been signed into law by Governor Rick Snyder.

"CONSTITUTIONAL CARRY" BILLS NOT FIRING YET IN THE SENATE

The Senate is not taking aim, at least not yet, on the four bills (HBs 4416 thru 4419) that would eliminate the need to get a special license to carry a concealed firearm.

Senate Majority Leader Arlan Meekhof (R-West Olive) has put the bills in his Senate Government Operations Committee, but says he doesn't have any special plans for them.

The Senate Government Operations Committee is the place where bills receive special or no attention. Senator Meekhof has yet to schedule a hearing or set a timetable on when or if he plans on considering the bills.

DEMS WANT MORE ENERGY FROM RENEWALBLE SOURCES

Three Senate Democrats and Representatives from the House are readying legislation that would require Michigan to generate 50 percent of its electricity from renewable sources by 2035.

Legislation that was passed just last December sets the requirement at 20 percent by 2021.

The soon to be introduced legislation will also raise the energy efficiency standard to a two percent energy savings per year beginning in 2022.

JUNE TAX COLLECTIONS ARE UP OVER ESTIMATES

Due in large part to lower-than-expected Michigan Business Tax (MBT) refunds, the Michigan Department of Treasury collected \$169.6 million more than the Senate Fiscal Agency (SFA) had estimated for June.

Collections under both the sales tax and use tax were above expectations.

MASON TO HEAD MEDC AND MSF

Jeff Mason has been approved to be the new CEO of the Michigan Economic Development Corporation (MEDC) and was selected by Governor Rick Snyder to be president of the Michigan Strategic Fund (MSF) and chair the MSF Board.

Mr. Mason has led the University Research Corridor since 2009.

SLOTKIN TO CHALLENGE BISHOP

Elissa Slotkin, who has served in national defense under Presidents George W. Bush and Barack Obama, has announced she will seek the Democratic nomination to challenge Republican incumbent U. S. Representative Mike Bishop in the 2018 election.

She grew up on a farm in Holly and her great grandfather founded Hygrade Food Products.

YOUNG WANTS TO GO TO WASHINGTON

Standing on a barren Detroit plot that used to be his home, former Supreme Court Chief Justice Bob Young, Jr. officially announced his candidacy for the U.S. Senate seat held by Debbie Stabenow (D-Delta Township).

Mr. Young will face at least one other challenger in the Republican primary next year – businesswoman and Trump stalwart, Lena Epstein.

HINES FILES FOR GOVERNOR

Saginaw's Dr. Jim Hines, who is seeking the Republican nomination for Governor in 2018, is the first to file signature petitions for his candidacy, submitting "about 22,500" signatures.

Hines says his status as an outsider is a benefit because he can bring fresh ideas to state government.